BROWNRUDNICK

JAMES M. AVERY
Direct Dial: 617/856-8112
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One
Financial
Center
Boston
Massachusetts
02111
tel 617.856.8200
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September 21, 2006

HAND DELIVER

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: The Berkshire Gas Company - D.T.E. 06-27

Dear Secretary Cottrell:

Pursuant to the request of the Hearing Officer, enclosed please find revised redacted versions of the Company's responses to the following Information Requests: DTE 1-4 Att. (a), DTE 1-13, AG 2-3 and AG 2-4, as well as a complete version of the Company's response to Information Request AG 2-10. These documents are also being submitted electronically.

Please call me if you require further assistance with respect to this matter.

Thank you for your consideration.

Very truly yours,

BROWN RUDNICK BERLACK ISRAELS LLP

By: James M. Avery
James M. Avery

JMA/cdw
Enclosure
cc: John J. Keene, Jr., Esq., Hearing Officer (w/4 enc via hand delivery)
Rebecca S. Hanson, Esq., Assistant General Counsel (via electronic mail)
Andreas Thanos, Assistant Director, Gas Division (via electronic mail)
Jamie Tosches, Esq., Assistant Attorney General (w/4 enc via hand delivery)
Pat Kelley, Analyst (w/enc via hand delivery)
Karen L. Zink, President, COO and Treasurer (w/enc)
Jennifer M. Boucher, Manager - Regulatory Economics (w/enc)

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Attorney General
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **September 21, 2006**

Question DTE 1- 4: Refer to section seven on page two of the Petition where the Company indicates it was unable to obtain pipeline capacity from the Iroquois and Tennessee Gas pipelines. When was that determination made? Please explain in detail the circumstances leading to the realization that capacity was not available. Indicate whether there were any positive responses to the Request for Proposals ("RFP") issued to twelve suppliers, and, if so, provide copies.

Response: During the summer 2005, the Company had several discussions with representatives from both Iroquois and Tennessee Gas pipelines. Initially, the Company believed there was available capacity at Waddington, NY for Iroquois and at Wright, NY for Tennessee. Initially, the Company requested winter only capacity on both pipelines. Unfortunately, winter only capacity was not available on Iroquois. Additionally, the Tennessee capacity that was available at Wright, NY was only available until October 31, 2007. There was no ROFR on this capacity so there was no guarantee that capacity would be available at Wright, NY after this date. After analyzing the cost of year-round Iroquois capacity and the limited term availability of the Tennessee capacity, the Company declined to proceed with this option sometime in August 2005.

Please see Attachment DTE-1-4(a) for copies of the ten positive responses to the Company's RFP.

RESPONSE IS CONFIDENTIAL AND PROPRIETARY
PROTECTIVE TREATMENT

Confidential and Indication
ONEOK Energy Services Company, LP
Proposal Summary

ONEOK ENERGY SERVICES

Ms. Jennifer Boucher
Berkshire Gas Company
115 Cheshire Rd.
Pittsville, MA 01201

Ms. Boucher:

The following is ONEOK Energy Services Company's indicative offer to provide Berkshire Gas a firm winter supply agreement.

Term Option 1:
Volume = **10,000 MMBtu/day for the term**
Delivery Point = **Waddington**
Term = **11/01/2005 through 03/31/2006**
Basis =
Commodity =

Term Option 2:
Volume = **10,000 MMBtu/day for the term**
Delivery Point = **Waddington**
Term = **11/01/2006 through 03/31/2007**
Basis =
Commodity =

Term Option 3:
Volume = **10,000 MMBtu/day for the term**
Delivery Point = **Waddington**
Term = **11/01/2007 through 03/31/2008**
Basis =
Commodity =

ONEOK has initiated the NAESB contract process to facilitate terms in this proposal. This agreement is contingent on contracts and credit terms being agreed upon between the parties. For additional discussion, please contact me at 918-591-5169 or my e-mail: pmay@oneok.com.

Regards,

Phill May
Director - Northeast Region
ONEOK Energy Services Company

This proposal is proprietary and confidential and shall not be revealed to third parties without OESC's written consent. OESC reserves the right to modify this indicative proposal at any time prior to execution due to market movement. All correspondence, this proposal and any ensuing contract negotiations will be deemed non-binding on OESC until (i) final terms and conditions are mutually agreed to in writing between OESC and the Buyer, and definitive agreements are entered into in connection therewith, and (ii) OESC has obtained all requisite corporate and regulatory approvals necessary to proceed with the transaction.

Constellation Power Source, Inc.
111 Market Place
Suite 500
Baltimore, MD 21202
(410) 468-3500

Constellation Energy Commodities Group

A Member of the Constellation Energy Group

July 22, 2005

Karen Zink
The Berkshire Gas Company
115 Chesire Road, PO Box 1388
Pittsfield, MA 01202

Telephone: 413-445-0244

Email: kzink@berkshiregas.com

Subject: Firm Winter Gas Supply Plus IGTS & TGP Pipeline Capacity Management Proposal

Dear Karen:

The purpose of this correspondence is to framework a structure involving a gas supply and capacity management proposal as detailed within your recent RFP. In addition to selling firm gas supply, CPS is interested in providing an IGTS and TGP capacity management service, under a capacity release arrangement.

I would like to meet with you in the near future to discuss in greater detail.

We are providing the following non-binding proposal, subject to further discussion between us and subsequent management approval.

Additionally, we respectfully request that the information contained within the proposal and our discussions be treated on a confidential basis. We have thereby clearly marked each page of the proposal as confidential.

-CONFIDENTIAL-

PROPOSAL DISCUSSION/SUMMARY

Summary of Supply Requirements and Service Description:

The goal of this proposal is to provide a firm winter only gas supply contract (three consecutive winters) at Waddington effective November 1, 2005. This proposal also involves a service summarized as follows: 1) Berkshire Gas will assign/release the associated IGTS and TGP transport to CECG at the maximum tariff rates via capacity release; 2) CECG shall then provide Berkshire Gas with an equivalent quantity of Firm delivered gas at the primary firm delivery point of the TGP transport contract located at a Berkshire Gas city-gate.

This proposal is based upon 151-day service and CECG believes the delivered cost under this proposal, including associated management fee, is less than the alternatives available to Berkshire Gas.

The firm gas supply involved in this proposal has a level of reliability equal to that of the associated firm capacity contracts on IGTS and TGP to be released to CECG. The released TGP contract shall include a primary firm delivery point located in TGP Zone 6 at a Berkshire Gas city-gate. CECG shall not permanently change the primary receipt and delivery points without the written consent of Berkshire Gas.

SERVICE DETAILS:

CAPACITY RELEASE

1. BERKSHIRE GAS SHALL RELEASE ITS IGTS ZONE 1 RTS CONTRACT FROM WADDINGTON TO WRIGHT AND ITS TGP ZONE 5 TO ZONE 6 CONTRACT FROM WRIGHT TO BERKSHIRE GAS TO CECG FOR THE TERM OF THE PROPOSED CITYGATE GAS SUPPLY FIRM TRANSACTION (SEE BELOW)

FIRM GAS SUPPLY DELIVERED TO BERKSHIRE GAS CITYGATE

1. **TERM:** THREE CONSECUTIVE WINTER PERIODS AS FOLLOWS: NOVEMBER 1, 2005 THROUGH MARCH 31, 2006; NOVEMBER 1, 2006 THROUGH MARCH 31, 2007 AND NOVEMBER 1, 2007 THROUGH MARCH 31, 2008 (CECG WILL CONSIDER SHORTER TERM). THE CAPACITY (NUMBER 1 ABOVE) SHALL BE RELEASED FOR THE SAME TERM.

2. **DELIVERED QUANTITY**: 7,000 DTH/DAY LESS ASSOCIATED ACTUAL FUEL ON THE PIPELINES OF IGTS ZONE 1 AND TGP 5 TO 6. BERKSHIRE GAS MUST TAKE THE GAS SUPPLY AT 100% LOAD FACTOR EACH DAY THROUGHOUT THE TERM.

-CONFIDENTIAL-

3. **DELIVERY POINT**: TENNESSEE GAS PIPELINE ZONE 6 PRIMARY FIRM DELIVERY POINT AT A BERKSHIRE GAS CITY-GATE.

4. **PRICING**: BASED ON AN MDQ OF 7,000 DTH/DAY. THE APPLICABLE ., AS INDICATED BELOW, FOR THE WINTER (NOVEMBER-MARCH) PERIOD PLUS . PLUS 100% OF THE

TERM	WINTER BASIS 1/
One Winter Season Effective 11/1/2005:	$ /DTH
Two Winter Seasons Effective 11/1/2005:	$ /DTH
Three Winter Seasons Effective 11/1/2005:	$ /DTH

1/ WINTER BASIS IS INDICATIVE AND IS SUBJECT TO CHANGE

5. **MANAGEMENT FEE**: CECG SHALL PAY BERKSHIRE GAS A MANAGEMENT FEE FOR MANAGEMENT OF THE IGTS AND TGP CAPACITY CONTRACTS.

TERM	TOTAL $'S
One Winter Season Effective 11/1/2005:	$
Two Winter Seasons Effective 11/1/2005:	$
Three Winter Seasons Effective 11/1/2005:	$

OTHER: SUBJECT TO CONTRACT AND CREDIT; MANAGEMENT APPROVAL

THE TERMS OF THIS NON-BINDING PROPOSAL ARE CONFIDENTIAL and are not to be disclosed to any third party without the prior written consent of the non-disclosing party; provided that the terms of this proposal may be disclosed to governmental agencies with jurisdiction over this matter without prior consent.

Thank you for your time and consideration of this proposal from Constellation Energy Commodities Group. Please contact me at (860) 763-5015 or via email at if you have any questions.

Respectfully,

David F. Dahlem and The Constellation Energy Commodities Group Team αβχ

July 22, 2005

Ms. Jennifer Boucher
Berkshire Gas
115 Cheshire Road
Pittsfield, MA 01201

Dear Jennifer,

UBS is pleased to present Berkshire Gas (Berkshire) with the following firm offers outlined below in response to your Request for Proposal dated July 13, 2005.

Offer No. 1

Term: November, 2005 – March, 2006

Location: Waddington

Price:

Offer No. 2

Term: November, 2006 – March, 2007

Location: Waddington

Price:

Offer No. 3

Term: *Each November through March time period*
November, 2005-March, 2007

Location: Waddington

Price:

Volumes:	November	5,000 per day
	December	5,000 per day
	January	5,000 per day
	February	5,000 per day
	March	5,000 per day

This offer is contingent upon the execution of a NAESB between UBS and Berkshire Gas.

All offers are subject to renegotiation due to market conditions.

I can be reached at 203-719-8503 should you have any further questions.

Thank you for your consideration.

Patrice Thurston
UBS Energy LLC
as Agent for UBS AG, London Branch

ConocoPhillips Gas and Power Marketing ("ConocoPhillips")

Bid Proposal for Gas Supply for

Berkshire Gas Company ("Berkshire")

Term: November 1, 2005 - March 31, 2006
November 1, 2006 - March 31, 2007
November 1, 2007 - March 31, 2008

Service: Firm

Point of Sale IGT Waddington, New York

Volume: Up to 10,000 dt/day

Basis Differential:

Term	Basis
Nov2005-Mar2006	
Nov2006-Mar2007	
Nov2007-Mar2008	

Trigger Provision: Berkshire will have the option at any time up until noon of the last day of trading for the prompt month futures contract to negotiate a basis differential and

Berkshire will pay the above referenced price for all triggered Firm volumes under this agreement.

Failure to Deliver/Take: On any day, if ConocoPhillips fails to deliver or Berkshire fails to take the nominated quantity, the party failing to perform shall reimburse the other party for reasonable costs/losses incurred by such party in replacing supplies or markets. In no event, however, shall either party be liable for any consequential, punitive, or other special or indirect damages.

Penalties/Taxes: Each party shall be responsible for any cashouts, imbalance and/or other transportation related penalties attributable to its own actions.

Management Approval: This proposal serves only to set out certain key terms and conditions that ConocoPhillips, based upon current market conditions, believes might be agreeable to Berkshire. Once agreed upon, terms will be prepared for inclusion in any final, mutually executed agreement on the subject transaction. This proposal does not constitute an offer nor does it obligate either party to proceed further. Certain additional, material terms would have to be negotiated and agreed upon before either ConocoPhillips or Berkshire would incur any contractual obligations to the other, and such further negotiations may necessitate changes to the terms and conditions set out in this proposal.

Credit Approval: The proposal as listed above is subject to ConocoPhillips management and credit approval and does not constitute a binding offer.

The above stated proposal is based on the NYMEX and current basis differentials as of close of trading 7/22/05 and is subject to change.

Nov05-Mar06 Waddington Baseload Gas Supply

- **Term**: *November 1, 2005 through March 31, 2006 (5 months)*
- **Delivery Point**: *Waddington*
- **Volume:** *10,000 MMBtus per day through the term*
- **Type of Service**: *Baseload with Force Majeure*
- **Demand Charge:** *N/A*
- **Pricing:**
- **Buyback Provision:** *Coral will provide real-time market pricing at the time Berkshire Gas is considering to sell back to Coral. If Berkshire Gas and Coral agree to the price, then Coral will buyback from Berkshire Gas the volume it wishes to sell.*

Nov05-Mar06 & Nov06-Mar07 Waddington Baseload Gas Supply

- **Term**: *November 1, 2005 through March 31, 2006 & November 1, 2006 through March 31, 2007 (2 Winters)*
- **Delivery Point**: *Waddington*
- **Volume:** *10,000 MMBtus per day through the term*
- **Type of Service**: *Baseload with Force Majeure*
- **Demand Charge:** *N/A*
- **Pricing:**
- **Buyback Provision:** *Coral will provide real-time market pricing at the time Berkshire Gas is considering to sell back to Coral. If Berkshire Gas and Coral agree to the price, then Coral will buyback from Berkshire Gas the volume it wishes to sell.*

These proposals do not constitute an offer, a solicitation of an offer or a commitment by Coral Energy Holding, L.P. or any affiliate of Coral Energy Holding, L.P. to engage in any transaction or alliance with Berkshire Gas. The transactions described herein are subject to further review and approval of Coral Energy Holding, L.P. and the execution of definitive agreements containing all appropriate provisions, including those relating to credit and limitation of damages. These proposals do not purport to identify any or all the risks (direct or indirect) which may be associated with the proposed transaction(s). As the information contained herein is proprietary, Coral requests that this material be considered confidential.

Nov05-Mar06, Nov06-Mar07 & Nov07-Mar08 Waddington Baseload Gas Supply

- **Term**: *November 1, 2005 through March 31, 2006, November 1, 2006 through March 31, 2007 & November 1, 2007 through March 31, 2008 (3 Winters)*
- **Delivery Point**: *Waddington*
- **Volume:** *10,000 MMBtus per day through the term*
- **Type of Service**: *Baseload with Force Majeure*
- **Demand Charge:** *N/A*
- **Pricing:**
- **Buyback Provision:** *Coral will provide real-time market pricing at the time Berkshire Gas is considering to sell back to Coral. If Berkshire Gas and Coral agree to the price, then Coral will buyback from Berkshire Gas the volume it wishes to sell.*

****Note: The indications provided are subject to market conditions and will be refreshed at the request of Berkshire Gas.**

These proposals do not constitute an offer, a solicitation of an offer or a commitment by Coral Energy Holding, L.P. or any affiliate of Coral Energy Holding, L.P. to engage in any transaction or alliance with Berkshire Gas. The transactions described herein are subject to further review and approval of Coral Energy Holding, L.P. and the execution of definitive agreements containing all appropriate provisions, including those relating to credit and limitation of damages. These proposals do not purport to identify any or all the risks (direct or indirect) which may be associated with the proposed transaction(s). As the information contained herein is proprietary, Coral requests that this material be considered confidential.

Cargill	PROPOSAL FOR FIRM GAS SUPPLIES from CARGILL POWER & GAS MARKETS to BERKSHIRE GAS COMPANY

July 22, 2005

CARGILL, INCORPORATED ("Cargill"), through its Cargill Power & Gas Markets business unit, is pleased to make the proposal detailed herein in to **BERKSHIRE GAS COMPANY** ("Berkshire") pursuant to the Request for Proposals ("RFP") issued by Berkshire on July 13, 2005.

Nature of Services. Cargill proposes to make deliveries on a firm baseload basis delivered from TransCanada PipeLines ("TransCanada") to the interconnect with Iroquois Gas Transmission Corp. ("Iroquois") near Waddington, NY.

Daily Contract Quantity. 10,000 dekatherms per day or such other amount as agreed by Berkshire and Cargill.

Pricing. The price of each dekatherm delivered would be equal to the settled price

Term	Basis Differential
November 1, 2005 – March 31, 2006	
November 1, 2006 – March 31, 2007	
November 1, 2007 – March 31, 2008	

Qualification. This proposal is based upon Cargill's assessment of market conditions at the time of the presentation. Factors that Cargill has considered include, but are not limited to, futures markets, forward physical markets and Cargill's proprietary perspectives on these and other markets. Cargill reserves the right to revise this proposal to respond to material market changes that occur prior to the execution of any definitive agreement.

This proposal is not binding on either party and is subject to the parties negotiating and entering into mutually acceptable definitive documents. In addition, the terms of any definitive agreement between Cargill and Berkshire are subject to the approval of Cargill's senior management team.

Financial Reports. Should Cargill and Berkshire reach definitive terms for a transaction, Berkshire's counterparty would be Cargill, Inc., which is the parent company for various business units, divisions and wholly-owned subsidiaries under the corporate umbrella. Cargill's North American natural gas businesses include Cargill Power & Gas Markets, which is a division of Cargill, and units of Cargill, Limited, which is a subsidiary of Cargill that houses Cargill's Canadian operations; in this case, however, it is important to note that Berkshire would be a direct counterparty of the parent corporation.

As a privately held company, Cargill does not make routine disclosure of its financial statements. We are, however, able to make certain disclosures regarding Cargill's overall financial condition and can advise that in the fiscal year ending on May 31, 2004, Cargill had net income of $1.33 billion, representing an modest increase in net income for the previous year. Revenues for the year rose 16 percent to $62.9 billion and cash flow from continuing operations increased 18 percent to $3 billion.

Definitive results for the fiscal year just ended on May 31, 2005 are not yet available but we will be pleased to share them once they are complete. Cargill's earnings for the first three quarters of the fiscal year were $1.27 billion, an increase of 25 percent from the previous year.

Cargill is solidly profitable, and due in part to careful geographic and product diversification, has been so for each of the last fifty years. The company adheres to conservative financial policies and holds long-term credit ratings of A-2/A+ from Moody's and Standard & Poor's respectively. In addition, Cargill holds commercial paper ratings of P1/A1 from these agencies.

Additional financial information can be found on Cargill's website at http://www.cargill.com, including an overview of Cargill's sales, earnings, cash flow and other financial performance for the past five fiscal years as well as quarterly corporate earnings releases. Should Berkshire require additional financial information beyond what is available there, Cargill will make the efforts necessary to address Berkshire's needs.

Supply and Transportation Portfolio. Cargill is one of the largest natural gas asset managers in North America and controls approximately 1.3 Bcf/d of supply delivered from reserves in Alberta and other parts of western Canada. Cargill also owns significant transportation and storage assets along all major pipeline corridors between these supply basins and markets in Chicago, Detroit, and the Mid-Atlantic and Northeastern United States. Cargill is also active at all of the Gulf Coast supply hubs.

Specifically, Cargill manages the assets of the Cargill Pool, which consists of the commitments of multiple Canadian producers and the long-term sales agreements that originally supported several of the export expansion projects that made incremental supplies available to various northeastern gas distribution companies. Certain affiliates of Energy East and Cargill are indirect parties to a long-term supply agreement via the existing Alberta Northeast transaction.

BP Energy
501 Westlake Park Blvd.
Houston TX 77079

July 22, 2005

Jennifer M. Boucher
Supervisor, Rates & Planning
The Berkshire Gas Company
115 Cheshire Road
Pittsfield, MA 01201

RE: Response to Firm Gas Supply RFP dated July 13, 2005

Dear Jennifer:

BP Energy pleased to respond to Berkshire's **Request for Proposal** dated July 13, 2005.

Hopefully, this offer meet's Berkshire's needs for term gas supply. However, if you would like to have BP modify any of the terms and conditions please feel free to give me a call.

After reviewing BP's response please feel free to give me a call to discuss any questions you have or modifications you may need to the proposal.

> The terms set forth in this Letter and RFP Response outline BP Energy Company's proposal to Customer. We look forward to the opportunity to discuss this proposal in greater detail at your earliest convenience. The Parties hereto understand and agree that unless and until a definitive agreement has been executed and delivered, no contract or agreement providing for a transaction between the Parties shall be deemed to exist between the Parties, and neither Party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any written or oral expression thereof. For purposes of this proposal, the term "definitive agreement" does not include an executed letter of intent or any other preliminary written agreement or offer unless specifically so designated in writing and executed by both Parties. This proposal neither obligates a Party to deal exclusively with the other Party nor prevents a Party or any of its affiliates from competing with the other Party or any of its affiliates. Neither party shall be entitled to rely on any information contained herein for any purpose, including without limitation, the taking of any action, the foregoing of any opportunity, or the incurring of any expenditure of any funds or the assumption of any obligations.

With the sole exception of the regulatory approval process, this proposal is presented with the full understanding that all contents herein shall be held in strict confidence between BPE and Berkshire.

Sincerely,

Paul

Paul Mugridge
Manager, Market Development
mugrpt@bp.com
O – 281-366-2567
C – 713-857-2428

DRAFT, for discussion purposes only

Term Sheet for sale of Baseload Gas Supplies Between Berkshire Gas and BP Energy Dated July 22, 2005

Nature of Service:	Firm Baseload Gas Sales
Delivery Point:	Interconnection between TransCanada Pipeline and Iroquois Gas Transmission at Waddington
Term:	1, 2 or 3 Year, Winter Only November 2005 – March 2006 November 2006 – March 2007 November 2007 – March 2008
Price:	
Quantity:	10,000 DT/day

Assumptions:

1. Buyer and Seller mutually agree on contractual terms and conditions
2. Buyer and Seller receive approval for transaction from senior management
3. Buyer and Seller meet appropriate credit requirements of counter party
4. Subject to re-pricing based on market conditions at the time contract execution

nexen

NEXEN MARKETING U.S.A. INC.
3000 Town Center
Suite 2440
Southfield MI 48075

The Berkshire Gas Company
115 Cheshire Road, P.O. Box 1388
Pittsfield, Massachusetts 01202-1388

July 22, 2005

Attention: Ms. Jennifer Boucher/ Ms. Karen Zink

Re: Waddington Supply

Dear Jennifer/Karen:

Nexen Marketing U.S.A., Inc. ("Nexen") is pleased to have the opportunity to propose a Waddington gas supply service to Berkshire Gas.

Term: Tranche 1 - Nov 1/05 – Mar 31/06
Tranche 2 – Nov 1/06 – Mar 31/07
Tranche 3 – Nov 1/07 – Mar 31/08

General Structure: Nexen will provide a delivered gas supply service to Berkshire Gas at Waddington, NY for the above noted tranches. Nexen will offer Tranche 1 solely but in order for Berkshire Gas to take Tranche 2, they must take Tranche 1, etc.

MDQ: 10,000 dth/d

Pricing:

Credit/Contracts: This offer is subject to completion of the necessary due diligence in credit and completion of contractual document with Berkshire Gas.

Market Conditions: Nexen reserves the right to refresh the basis pricing of this arrangement due to changing market conditions.

I hope this proposal is of interest to Berkshire Gas. Nexen would like to further grow our business relationship with Berkshire Gas. Once you have had a chance to review the proposal, please contact myself at 248-208-2205 to discuss the service further.

Sincerely,

Terry O'Hara
Director, Marketing & Structured Products

NJR Energy Services
A New Jersey Resources Company

DRAFT TERM SHEET

Seller: NJR Energy Services (NJRES)

Buyer: Berkshire Gas

Term: Three seasonal periods, November through March, beginning November 1, 2006 through March 31, 2011

Product: Firm baseload gas delivered at Waddington, New York

Pricing: Three different pricing scenarios are offered based upon the overall term of the agreement. A longer term is preferable to NJRES and pricing is discounted accordingly.

Pricing will be based upon the

- For a one-winter transaction beginning November 1, 2005 – March 31, 2006:
- For a two-winter transaction beginning November 1, 2005 – March 31, 2007:
- For a three-winter transaction beginning November 1, 2007 – March 31, 2008:

Volume: 10,000 MMBTus/day.

Financial Reports: To access NJR's most recent financial report please use the attached link: http://www.shareholder.com/visitors/dynamicdoc/document.cfm?documentid=726&companyid=NJR

Special Provision: NJRES' offer is based upon market conditions at the time and is subject to change.

Berkshire Gas Company
Ms. Jennifer Boucher
Supervisor, Rates and Planning
jboucher@berkshiregas.com

July 22, 2005

RE: Confidential Proposal for Winter Gas Supply at Waddington

Dear Ms. Boucher,

The following outlines Tenaska Marketing Venture's ("TMV") proposal to Berkshire Gas Company ("BGC") for natural gas supply at Waddington.

Deal #1
Term: November 1, 2005 - March 31, 2006.
Delivery Point: Waddington, New York at the interconnect between TransCanada Pipelines Limited ("TCPL") and Iroquois Gas Transmission ("IGT").
Volume: 10,000 MMBtu/day
Price:
US/MMBtu (If BGC elects to use NYMEX plus basis pricing, BGC is obligated to convert this to a fixed price prior to NYMEX settlement for October).

Deal #2
Term: November 1, 2007 - March 31, 2008.
Delivery Point: Waddington, New York at the interconnect between TransCanada Pipelines Limited ("TCPL") and Iroquois Gas Transmission ("IGT").
Volume: 10,000 MMBtu/day
Price:

Master Contract
The parties agree to complete a NAESB contract ("Master Contract") before September 30, 2005. This proposal will be governed by the terms and conditions in the Master Contract.

Credit
All transactions entered into by TMV are subject to BCG providing acceptable assurances of its ability to perform its obligations under the transaction.

This proposal is indicative, and is subject to change or rescission by TMV at its sole discretion at any time due to changes in market conditions. No agreement will exist between BGC and TMV until these terms have been confirmed by TMV and the parties have both agreed to all terms of the transaction.

Please call me at (403) 716-1384 if you have any questions.

Regards,

Ian Maddock – Manager, Marketing
Tenaska Marketing Canada
3050, 300 – 5th Avenue SW
Calgary, Alberta Canada T2P-3C4

Cc: kzink@berkshiregas.com

Attorney General
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **September 21, 2006**

Question DTE 1-13: Please provide all details, including the history of usage, of the Distrigas services that were used in the winter of 2004-05 to provide reliable service when the AFPA was not available. Address any concern(s) that the Company may have had about entering into the DOMAC contract as a replacement for the AFPA volumes.

Response: In a letter to George Yiankos dated November 2, 2004 the Company advised the Department of its decision to secure DOMAC as a temporary, emergency replacement for the AFPA volumes for the winter of 2004-05. See Attachment DTE-1-13(a). The contract provided firm delivery for up to a total of 225,000 MMBtu with a Maximum Daily Quantity ("MDQ") of 7,500 MMBtu. The pricing included a demand charge of $ payable in 5 monthly installments of [INTENTIONALLY OMITTED]. Attachment DTE-1-13(b) provides a summary of the DOMAC services provided during the 2004-05 winter period.

DOMAC was one the respondents to the Company's RFP. However, DOMAC's response only offered the volumes on a secondary delivery basis. In addition, the Company was concerned about relying on DOMAC for such a large part of its peak day needs. First, the Company experienced a force majeure for several weeks with DOMAC in October 2001. Second, secondary delivery cuts were experienced in the Company's service territory this past winter. If either of these scenarios were to occur on a peak day, Berkshire would be unable to meet the peak day needs of its firm customers.

RESPONSE AND ATTACHMENT DTE-1-13(b) ARE CONFIDENTIAL AND PROPRIETARY
PROTECTIVE TREATMENT

November 2, 2004

VIA FACSIMILE AND REGULAR MAIL

Mr. George Yiankos, Director, Gas Division
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02202

Dear George:

Per our previous discussion, The Berkshire Gas Company ("Berkshire" or the "Company") recently became aware that its peaking supply of 7,500 MMBtu per day from the Altresco cogeneration facility (presently known as U.S. Generating Company) will not be available this winter. This source of supply has previously been provided to Berkshire pursuant to a Fuel Purchase Agreement ("FPA"). The FPA enables the Company to purchase a portion of the gas supply that the plant operator retained in order to operate a cogeneration plant located in Pittsfield. In fact, this purchase right has contributed to the Company's least cost, reliable resource plan for many years. However, circumstances relating to the electricity market that are beyond Berkshire's control have resulted in the facility not being operational this winter. Further, we have become aware that the facility no longer maintains its underlying gas supply contract and that the plant's operator has not retained its long-haul capacity into the facility. Thus, it is not a viable option for Berkshire to rely upon the ability to buy the supply or employ the capacity available to Altresco during this winter heating season and, perhaps, beyond. Based on this determination, the Company has had to consider other options to replace this supply for the short-term and long-term to ensure the continuing reliability of service. The following is a summary of the analysis the Company performed to determine how to replace this supply for the upcoming winter period as well as its plan to consider longer term alternatives.

Propane

As soon as the Company learned that the Altresco facility might not be operational for this winter, Berkshire immediately elected to fill its propane tanks for a potential supply option and purchased the right to call upon an additional 700,000 gallons in the winter. This step would replace the peaking service available under the FPA on a least cost basis as these facilities were already available to serve the Company. However, for several reasons the Company determined that it cannot rely on propane to completely replace the Altresco volumes. First, there is always a concern about allocations and truck driver hours that may result in untimely replacement of some or all of the propane supplies. Second, the Altresco resource has been used on days that are not necessarily peak days, i.e. at degree days that could be approximately a 50 degree day. When it is not extremely cold, there is not enough natural gas in the Company's distribution system to offset the high Btu content of propane. Operational or equipment problems could occur if the Btu content is too high. Thus, while propane is a good source for supplemental supply and an important resource in terms of reliability, the Company cannot rely on it to replace the entire 7,500 MMBtu per day volumes lost.

Dracut Capacity

The Company also analyzed and considered purchasing available Dracut capacity. However, there were concerns regarding the potential for a gas supply to be delivered from Dracut. First, Berkshire determined that gas supply prices out of Dracut were extremely high. Second, even with those higher prices, there was no guarantee a gas supply would be available. Finally, Berkshire determined that Dracut supply is never, as a practical matter, "firm" and would likely be interrupted when the Company would most likely require the supply. Accordingly, due to the high costs and the limited reliability of this resource, Berkshire discounted this option.

Delivered Gas to Citygate

Marketers that serve the Company's customers behind its citygate were contacted to determine if they had available delivered capacity and supply into Berkshire's service territory. One marketer had up to 4,000 MMBtu per day available. However, the marketer would require Berkshire to "baseload" the supply for the 151 day winter period and pay a premium. This would result in a "demand" charge for the 4,000 MMBtu supply that the Company does not, in fact, require for the entire 151 day period. Thus, the "cost" proposed was not in line with the "benefit" to the Company. Further, there would still be a shortage of 3,500 MMBtu per day that would have to be replaced. Thus, this option was rejected.

Other Capacity Options

An additional option considered was to purchase capacity on the Iroquois system which would ultimately connect to and be delivered on the Tennessee Gas Pipeline Company system. Unfortunately, for this winter, the Iroquois capacity was available but the Tennessee capacity was not. Thus, this could not be considered for the short-term. However, the Company will investigate this option as a long-term solution.

LNG

Berkshire also contacted Distrigas to determine whether it had excess LNG available for the winter which the Company could purchase in vapor form. Distrigas did have 7,500 MMBtu available for as many days in the winter as required by the Company. After aggressive negotiations, the Company elected to purchase up to 7,500 MMBtu per day with an annual contract quantity of 225,000 MMBtu over the upcoming heating season. There is a demand charge and commodity charge component to this contract which is similar to the cost of the other options the Company considered. However, in this scenario, the Company is only purchasing LNG when it is needed (for up to 30 days). The commodity charge component is comparably priced to what the Company would have paid historically for Altresco supplies. Thus, the incremental cost to the ratepayers is the cost of the demand charge. This agreement was for a short term and, therefore, does not require Department approval. However, the Company's longstanding practice is to advise the Department on these matters.

It is important to note that for 15 years the Company's ratepayers paid no demand charge for the rights to the Altresco peaking supply. Based on the prices quoted for the upcoming winter to replace this supply, it is clear that customers saved millions of dollars during this period. While it will be more costly this winter for peaking supply than it has been for the past 15 years, the Company has contracted for a reliable supply at a reasonable price. This contract was only pursued after a comprehensive consideration of all reasonably available alternatives. As always, Berkshire will also attempt to optimize its portfolio so that its gas costs are as low as possible while maintaining its reliability of service.

In the upcoming months, the Company will continue to assess available alternatives so that a long-term peaking supply option will be in place after this winter. The approach employed by the Company to secure reliability for the upcoming winter period preserves the flexibility to pursue alternative longer term strategies. The Company expects to develop, analyze and implement a longer term strategy in the coming months. The Company will seek such approvals for this longer term plan from the Department as appropriate. In the meantime, should you have any questions on this issue, do not hesitate to call.

Thank you for your consideration.

Sincerely,

Karen L. Zink
President, COO and Treasurer

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Summary of DOMAC - AFPA Replacement							
	MMBtu	# of Days	Commodity per MMBtu	Total Commodity	Demand Charge	Total Cost
Nov-04	0	0				
Dec-04	19,500	4				
Jan-05	79,500	13				
Feb-05	0	0				
Mar-05	0	0				
Total	99,000	17				

Attorney General
Second Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **September 21, 2006**

AG-2-3: How much will the Company pay for the capacity it may obtain under the ROFR? Provide the details of the costs.

Response: The annual costs associated with the capacity are as follows (based on current rates):

Fixed Charges				Variable Charges				
MDQ	Demand Charge per Dth	Annual Demand Charge		ACQ	Commodity Charge per Dth	Total Commodity Charge		Total Capacity Charges
5,000				1,825,000				

RESPONSE IS CONFIDENTIAL AND PROPRIETARY
PROTECTIVE TREATMENT

Attorney General
Second Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **September 21, 2006**

Question
AG-2-4: Please refer to the response to AG-1- 7. Explain why the Company believes the discount price is a fair price for its non-receipt of the ROFR and provide the basis for the Company's conclusion.

Response: In pursuing an agreement with Coral, one of the factors that made the agreement so attractive was the potential receipt of the ROFR, of which the Company placed a value. In the process of negotiating the agreement, the Company secured a per unit discount off the contract price in the event the ROFR was not received. The final discount of $ per MMBtu for each year of the agreement was negotiated aggressively by the Company and was acceptable to both parties.

RESPONSE IS CONFIDENTIAL AND PROPRIETARY
PROTECTIVE TREATMENT

Attorney General
Second Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **September 21, 2006**

Question
AG-2-10: Please refer to the response to AG-1-18 Supplemental and AG-1-13. Please clarify whether the Company learned of the problem in late fall and late summer.

Response: The Company learned of the evolving situation at the plant in the late summer of 2004.